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 TO RUEHC/SECSTATE WASHDC 3680
 INFO RUEHTH/AMEMBASSY ATHENS 793
 RUEHOL/AMEMBASSY BONN 3452
 RUEHBS/AMEMBASSY BRUASELS 2677
 RUDKPNQ/AMEMBASSY COEENHAGEN 6840
 RUEHLD/AMEMBASSY LONDON 5351
 RUDKHLQ/AMEMBASSY HELSINKI 4045
 RUEHMO/AMEMBASSY MOSCOW 1831
 RUHFHR/AMEMBASSY PARIS 2962
 RUEHRO/AMEMBASSY ROME 1670
 RUDKFMQ/AMEMBASSY STOCKHOLM 5897
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E.O. 12065: N/A
 TAGS: ETRD, EEWT, ENRG, NO
 SUBJ: YAMAL GAS PIPELINE AND US SANCTIONS

REF: A) OSLO 0541; B) STATE 19160

1. NORDIL, LEADING NORWEGIAN OIL JOURNAL, IN ITS JANUARY 1 ISSUE CARRIED ARTICLE ON SUBJECT PIPE LINE AND U.S. SANCTIONS. HIGHLIGHTS OF ARTICLE ARE GIVEN BELOW:

2. PRESIDENT REAGAN'S SANCTIONS ON EXPORT LICENCES

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STATE

82 7957363

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PAGE 002

NC 7957363

TOR: 062129Z FEB 82

FOR US TECHNOLOGY TO THE USSR WILL MEAN THAT GENERAL ELECTRIC WILL BE UNABLE TO SUPPLY DOLLARS 175 MILLION WORTH OF GAS TURBINE COMPONENTS. EUROPEAN GAS UTILITIES HAVE TAKEN A RATHER RELAXED ATTITUDE TO THE SITUATION. AEG - KANIS OF GERMANY IS REPORTED TO HAVE POSTPONED FURTHER WORK ON THE 47 TURBINES OF GE DESIGN ON ORDER FOR THE YAMAL PROJECT, WHILE JOHN BROWN ENGINEERING AND NUOVO PIGNONE ARE REPORTED TO BE CONTINUING WORK ON THEIR PORTIONS OF THE GAS TURBINE ORDERS. ALL THREE COMPANIES ARE DEPENDENT ON DELIVERY OF COMPONENTS SUCH AS HIGH TENSION TURBINE BLADES FROM GE IN THE USA.

3. INDUSTRY SOURCES CLAIM THAT ALTERNATIVE DELIVERIES OF THE EQUIPMENT COULD BE OBTAINED IN EUROPE. UK'S ROLLS ROYCE'S ENGINES BEING THE MOST OBVIOUS ALTERNATIVE.

4. HOPES ARE THAT SANCTIONS WILL BE LIFTED AND WORST FEARS ARE THAT THE PROJECT COULD BE DELAYED.

5. THE ORDER SITUATION AS IT STANDS APPEARS IN THE ACCOMPANYING TABLE (PARA 7). AN INTERESTING FEATURE IS THE RELATIVELY DOMINANT ROLE OF UNITED KINGDOM COMPANIES ON THE LIST OF CONTRACTORS, PARTICULARLY SINCE THE UNITED KINGDOM IS NOT AMONG THE EUROPEAN COUNTRIES THAT WILL RECEIVE GAS IN THE PIPELINE, WHILE THE DUTCH HAVE FAILED COMPLETELY GETTING ANY BUSINESS OUT OF THE PROJECT. DUTCH BANKS HAVE OPENED SUBSTANTIAL CREDITS FOR EQUIPMENT MANUFACTURERS TO FINANCE DELIVERIES FOR THE PROJECT, AS HAVE BANKS IN THE OTHER NATIONS RECEIVING GAS IN THE PROJECT.

6. THE LARGE ORDERS WILL BE FOR LINE PIPE. GERMAN AND JAPANESE PIPE MANUFACTURERS HAVE RECEIVED ORDERS FOR LARGE DIAMETER LINE PIPE TO THE SOVIET UNION. THESE ORDERS COULD, HOWEVER, BE FOR OTHER PROJECTS THAN YAMAL SINCE THE RUSSIANS DO NOT NORMALLY SPECIFY WHICH PROJECT THEY ARE BUYING FOR. ADDITIONAL SUBSTANTIAL ORDERS FOR LINE PIPE ARE EXPECTED WITHIN THE NEXT SIX TO EIGHT WEEKS.

7. YAMAL PIPELINE PROJECT - SIGNIFICANT ORDERS SIGNED:

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STATE

82 7957363 SUR

PAGE 003
TOR: 062129Z FEB 82

NC 7957363

ENGINEERING, COMPRESSOR STATIONS - MANNESMANN/CREUSOT-LOIRE
(DOLLARS 940 MILLION)
GAS TURBINES (21 UNITS/SPARES - JOHN BROWN ENGINEERING (UK)
(DOLLARS 190 MILLION)
GAS TURBINES (47 UNITS) - AEG-KANIS (W. GERMANY) (DOLLARS 300
MILLION)
GAS TURBINES (57 UNITS/SPARES) - NUOVO PIGNONE (ITALY)
(DOLLARS 700 MILLION)
GENERATING SETS - RUSTON GAS TURBINES (UK) (DOLLARS 55 MILLION)
COMPRESSOR SKIDS - MANNESMANN (W. GERMANY) (DOLLARS 60 MILLION)
COLLING STATIONS - CREUSOT-LOIRE (FRANCE) (DOLLARS 250 MILLION)
FUEL GAS CONDITIONING FACILITIES - PLENTY (UK) (DOLLARS 40 MILLION)
ELECTRONIC TELESURVEYANCE - THOMSON-CSF (FRANCE) (DOLLARS 320 MILLION
)
COMPUTERISED INFO SYSTEMS - REDIFFUSION (UK) (DOLLARS 15 MILLION)
VARIOUS DOWN-HOLE EQUIPMENT - BWT (UK) (DOLLARS 20 MILLION)
VARIOUS SAFETY EQUIPMENT - WALTER KIDDE (DOLLARS 15 MILLION).

8. (ORDERS FOR 200 PIPELAYERS (DOLLARS 90 MILLION) FROM CATER-
PILLAR TRACTOR CO, CLAIMED TO BE FOR PROJECTS OTHER THAN
YAMAL, HIT BY REAGAN'S SANCTIONS). AUSTAD

END OF MESSAGE

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